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NEW HORIZONS, INC.
SHREVEPORT, LOUISIANA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/15/09

NEW HORIZONS. INC.
SHREVEPORT, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

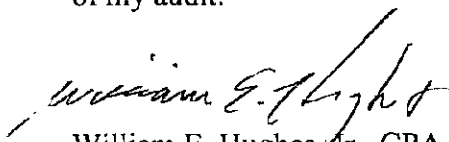
The Board of Directors
New Horizons, Inc.
Shreveport, LA.

I have audited the accompanying statement of financial position of New Horizons, Inc., (a nonprofit organization) as of September 30, 2008, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of New Horizons, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Horizons, Inc., as of September 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 24, 2009, on my consideration of New Horizons, Inc.'s, internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.


William E. Hughes, Jr., CPA
March 24, 2009

AUDITED FINANCIAL STATEMENTS

NEW HORIZONS, INC.

**STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2008**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 368,286
Certificate of Deposit	50,529
Accounts Receivable	664
Contract and Grant Receivables	449,121
Prepaid Exp.	13,315
Total Current Assets	<u>\$ 881,915</u>

Property and Equipment:

Property and Equipment	75,547
Accumulated Depreciation	<u>(11,370)</u>
Net Property and Equipment	<u>64,177</u>

Total Assets	<u><u>\$ 946,092</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable - Trade	\$ 26,418
Accrued Expenses - Payroll	209,824
Accrued Expenses - Compensated Absences	17,534
Total Current Liabilities	<u>253,776</u>

Net Assets:

Unrestricted:

Operating	<u>692,316</u>
Total Net Assets	<u>692,316</u>

Total Liabilities and Net Assets	<u><u>\$ 946,092</u></u>
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The accompanying notes are an integral part of the financial statements.

NEW HORIZONS, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Unrestricted</u>
<u>Revenues and Other Support:</u>	
Federal and State grants	\$ 846,917
Medicaid programs	3,409,423
Other program income	9,310
In-Kind revenues	40,600
Gain (loss) on disposal of assets	(234)
Miscellaneous Income	9,333
Interest income	5,521
Total Revenues and Other Support	<u>4,320,871</u>
 <u>Expenses:</u>	
Program Expenses	3,731,243
Supporting services:	
Management and general	\$ 299,933
Total Expenses	<u>4,031,176</u>
 <u>Change in Net Assets</u>	289,694
 <u>Net Assets - Beginning of Year</u>	<u>467,898</u>
 <u>Other Changes in Net Assets</u>	
Prior Period Adjustment	(65,276)
Total Other Changes in Net Assets	<u>(65,276)</u>
 <u>Net Assets - End of Year</u>	<u>\$ 692,316</u>

The accompanying notes are an integral part of the financial statements.

NEW HORIZONS, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Cash Flows from Operating Activities:

Increase in Net Assets	\$ 289,694
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	4,684
Contribution of equipment	(40,600)
Loss on disposal of property and equipment	234
(Increase) decrease in operating assets:	
Accounts receivables	(664)
Grant receivables	(17,839)
Prepaid Expenses	72
Increase (decrease) in operating liabilities	
Accounts payable - Trade	6,572
Accounts Payable - State Dept. of Health and Hospitals	(39,600)
Accured Expenses - Payroll	34,072
Accrued Expenses - Compensated Absences	5,791
Net Cash provided (used) by operating activities	<u>242,416</u>

Cash Flows from Investing Activities:

Purchase of short-term investment	(50,529)
Purchase of property and equipment	<u>(22,231)</u>
Net cash provided (used) in investing activities	<u>(72,760)</u>

Cash Flows from Financing Activities

-

Cash Flows from Other Activities:

Prior Period Adjustment	<u>(65,276)</u>
Net cash provided (used) by other activities	(65,276)

Net increase (decrease) in cash 104,380

Cash at Beginning of Year 263,906

Cash at End of Year \$ 368,286

Required Supplementary Information:

Interest Paid During the Year	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of the financial statements.

NEW HORIZONS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Expenses	<u>Program Services</u>	<u>Supporting Services, Management & General</u>	<u>Total</u>
Salaries and Wages	\$ 2,773,816	\$ 179,710	\$ 2,953,526
Payroll Taxes	239,485	15,168	254,653
Employee Benefits	68,543	4,493	73,036
Insurance	111,924	12,481	124,405
Equipment purchases - Consumer	127,100	-	127,100
Services/Supplies - Consumer	76,494	-	76,494
Supplies - Office	16,173	18,449	34,622
Training	8,998	994	9,992
Travel	67,687	3,562	71,249
Dues and Subscriptions	-	3,709	3,709
Contracted Services	99,979	-	99,979
Legal Fees	0	1,248	1,248
Rent	71,663	17,916	89,579
Postage	-	11,010	11,010
Repairs and Maintenance	21,827	236	22,063
Public Awareness	4,848	4,007	8,855
Telephone	21,547	3,802	25,349
Utilities	14,558	3,390	17,948
Miscellaneous	6,600	15,074	21,674
Depreciation	-	4,684	4,684
Total Expenses	<u>\$ 3,731,243</u>	<u>\$ 299,933</u>	<u>\$ 4,031,176</u>

The accompanying notes are an integral part of the financial statements.

NEW HORIZONS, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

I. Summary of Significant Accounting Policies

A. Nature of Activities

New Horizons, Inc. (New Horizons), is a nonprofit corporation under the laws of the State of Louisiana. New Horizons was established to provide an opportunity for severely handicapped persons to participate in a broad activities program, including community activities, recreation, and other services, to make possible a broader life enrichment program for handicapped persons. The following programs are administered by New Horizons, shown with their approximate percentages of total revenue:

Medicaid — 79 %
Title VII Part C — 9%
Rural Independent Living — 3%
Personal Care Assistance Program — 3%
Durable Medical Equipment — 4%
Program and Other Income — 2%

B. Basis of Accounting

The financial statements of New Horizons have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. New Horizons had only unrestricted net assets at September 30, 2008.

NEW HORIZONS, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

1. Summary of Significant Accounting Policies (Continued)

D. Income Tax Status

New Horizons is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Services as an organization other than a private foundation. New Horizons, therefore, is not subject to income taxes. However, income from certain activities not directly related to New Horizon's tax-exempt purpose is subject to taxation as unrelated business income. New Horizons had no such income for the years ended September 30, 2008.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of reporting cash flows, New Horizons considers all highly liquid investments in money market funds, operating bank accounts and investments available for current use with initial maturity of three months or less to be cash equivalents.

New Horizons, Inc, entered into a "Customer Sweep Agreement" with Capital One Bank whereby amounts on deposit in the Organization's operating account are, at the close of each business day, used to purchase government and government agency securities. All government securities held on behalf of New Horizons, Inc., are then redeemed and credited to the operating account the following business day. The account had \$407,667 held in the sweep account at September 30, 2008.

G. Investments

Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, requires not-for-profit organizations to report investments at fair value in the statement of financial position with realized and unrealized gains and losses reported in the statement of activities. Nonnegotiable certificates of deposit with original maturities exceeding 90 days are reported in the accompanying financial statements at cost.

NEW HORIZONS, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

The certificate of deposit recorded in the accompanying financial statements has a balance of \$50,529. The certificate bears interest of 3.5% with a six-month maturity date of December 13, 2008.

H. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The State of Louisiana and the federal government have a reversionary interest in property purchased with state and federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to state and federal regulations. All expenditures in excess of \$250 for property and equipment are capitalized.

I. Revenue and Support

Contributions received may be recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Federal and State contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

J. Retirement Obligations

The employees of New Horizons are members of the Social Security System. There are no other retirement plans available through New Horizons.

K. Compensated Absences

Annual leave is earned by employees as follows:

NEW HORIZONS, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

<u>Length of Service</u>	<u>Annual Leave Earned</u>
One year	One week
Over one year	Two weeks

Generally, up to four weeks of unused annual leave may be carried over to succeeding fiscal years.

Sick leave is earned at the rate of one day per calendar month of employment, and accumulates up to twelve days. Employees are not compensated for unused sick leave at termination.

L. Advertising

New Horizon's, Inc. expenses advertising costs as incurred. Advertising expense for the year ended September 30, 2008 was \$8,855.

2. Concentrations of Credit Risk

Financial instruments that potentially subject New Horizons to concentrations of credit risk consist principally of temporary cash investments and grant receivables. Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of September 30, 2008, New Horizons had no significant concentrations of credit risk in relation to grant receivables. New Horizons maintains cash balances at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash and cash equivalents, to minimize this potential risk. At September 30, 2008, New Horizons had \$407,667 in overnight bank investments.

3. Contract and Grant Receivable

Various funding sources provide reimbursement of allowable costs and payment on units of service in connection with providing services under contracts or grant agreements. This balance represents amounts due from funding sources at September 30, 2008, but received after those dates. The following list indicates those funds due by funding source:

NEW HORIZONS, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

Medicaid	\$ 239,648
Title VII Part C	31,947
Rural Independent Living	26,729
Personal Care Assistance Program	42,708
Durable Medical Equipment	<u>108,089</u>
Total Contract and Grant Receivable	<u>\$ 449,121</u>

4. Property and Equipment

Property and equipment consisted of the following at September 30, 2008:

	Estimated Depreciable <u>Life</u>	
Furniture and equipment	5 - 7 years	\$34,947
Vehicles	3 - 5 years	40,600
Accumulated depreciation		<u>(11,370)</u>
Net investment in property and equipment		<u>\$64,177</u>

Depreciation expense for the year ended September 30, 2008 was \$4,684.

5. Federal, State and Medicaid Contractual Revenue

During the years ended September 30, 2008, New Horizons received \$4,256,340 in revenue from Federal, state and Medicaid contracts and grants. The continued existence of these funds is based on annual contract renewals with various funding sources. All revenue from these grants is subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries; adjustments in future periods may be necessary as final grant settlements are determined.

6. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

7. Leases

New Horizons, Inc., leases office space under several operating leases. Rental costs on those leases for the years ended September 30, 2008, was \$89,579. Commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year as of

NEW HORIZONS, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

September 30, 2008, are as follows:

<u>Years Ending September 30</u>	
2009	\$ 74,600
2010	54,200
2011	50,000
2012	50,000
2013	50,000
Thereafter	<u>41,667</u>
Total	<u>\$ 320,467</u>

8. Line of Credit

The Organization maintains a credit line for up to \$10,000. There was no outstanding balance on this line of credit at September 30, 2008.

9. Economic Dependency

New Horizons receives the majority of its revenue from funds provided by state and federal grants as well as through a contract for patient care services provided to Medicaid eligible individuals. If significant budget cuts are made at the federal and/or state level or the Medicaid contract is not renewed, the amount of funds New Horizons receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Center will receive in the next fiscal year.

10. Prior Period Adjustment

A review by New Horizon's management revealed an error in recording prior period accounts receivable for Medicaid revenues. Accounts receivable claims recorded in fiscal year ending September 30, 2007, that had the incorrect service dates were \$65,276. This error resulted in fiscal year-ending September 30, 2007, unrestricted net assets to be overstated and assets to be overstated by the same amount. A prior year adjustment of \$65,276 was recorded.

**GOVERNMENT AUDITING STANDARDS
COMPLIANCE REPORTS**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

To the Board of Directors of
New Horizons, Inc.

I have audited the financial statements of New Horizons, Inc., (a nonprofit organization) as of and for the year ended September 30, 2008, and have issued my report thereon dated March 24, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered New Horizons, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Horizons, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

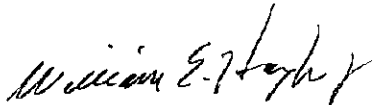
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Horizons, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, the Legislative Auditor's office of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is in fact a public document.


William E. Hughes, Jr., CPA
Pineville, LA
March 24, 2009

NEW HORIZONS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

Material weakness(es) identified:

___ Yes X No

Significant deficiency(ies) identified

not considered to be material weaknesses?

___ Yes X No

Noncompliance material to the financial statements noted?

___ Yes X No

Federal Awards

New Horizon's, Inc., did not expend in excess of \$500,000 in federal financial assistance during the year ended September 30, 2008 and therefore, is exempt from the audit requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None